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Sony Electronics Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

ARRIS SOLUTIONS, INC. and ARRIS
ENTERPRISES LLC,

Plaintiffs,

v.

SONY INTERACTIVE ENTERTAINMENT
LLC; SONY INTERACTIVE
ENTERTAINMENT AMERICA LLC; SONY
INTERACTIVE ENTERTAINMENT, INC.;
SONY CORPORATION OF AMERICA; SONY
MOBILE COMMUNICATIONS (USA) INC.;
and SONY ELECTRONICS INC.,

Defendants.

CASE NO. 5:17-CV-01098-EJD

**SONY'S NOTICE OF MOTION AND
MOTION TO STAY**

Date: December 7, 2017

Time: 9:00 a.m.

Judge: Honorable Edward J. Davila

Courtroom: 4, Fifth Floor

Jury Trial Demanded

NOTICE OF MOTION AND STATEMENT OF RELIEF SOUGHT

TO THE HONORABLE COURT, ALL PARTIES, AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE THAT the following Motion to Stay is scheduled for hearing before the Honorable Edward J. Davila on December 7, 2017, at 9:00 a.m. or as soon thereafter, in Courtroom 4, 5th Floor, United States Courthouse, 280 South 1st Street, San Jose, California 95113.

Sony Interactive Entertainment LLC, Sony Interactive Entertainment America LLC, Sony Interactive Entertainment Inc., Sony Corporation of America, Sony Mobile Communications (USA) Inc., and Sony Electronics Inc. (collectively, “Sony” or “Defendants”) hereby move this Court for an order staying this case in its entirety until the conclusion of the ITC investigation and the IPR proceedings. Defendants’ Motion to Stay is based on this Notice, the Memorandum of Points and Authorities below, the materials attached thereto, the record in this matter, and other evidence or argument that may be presented before the Court in connection with this Motion.

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION – THE COURT SHOULD STAY THIS CASE BECAUSE A STAY IS MANDATORY FOR THE ITC-ASSERTED PATENTS AND A DISCRETIONARY STAY IS WARRANTED FOR THE REMAINING TWO PATENTS

Two months after filing this patent infringement action, ARRIS Enterprises LLC filed an International Trade Commission (“ITC”) complaint against Defendants and Sony Corporation, alleging infringement of six patents, including two of the four patents at issue here.¹ Shortly thereafter, the ITC instituted an investigation naming Defendants and Sony Corporation as Respondents. *See Certain Consumer Electronic Devices, Including Televisions, Gaming Consoles, Mobile Phones and Tablets, and Network-Enabled DVD and Blu-Ray Players*, 337-TA-1060.² Given the mandatory stay provisions under 28 U.S.C. § 1659, this Court must stay ARRIS’s infringement claims with respect to U.S. Patent Nos. 8,300,156 and 7,113,502 (“the overlapping patents”). 28 U.S.C. § 1659(a). Notably, on June 27, 2017, ARRIS informed Sony that it did not oppose staying this case as to the overlapping patents, but, on July 7, ARRIS ambiguously suggested that it “may oppose Sony’s stay motion in its entirety.” Schroeder Decl., ¶ 8. Nonetheless, a stay as to the

¹ Plaintiffs in this case, ARRIS Enterprise LLC and ARRIS Solutions Inc., are collectively referred to as “ARRIS” or “Plaintiffs.”

² This lawsuit (“NDCA #1”) is one of three ongoing litigations in which ARRIS accuses Sony of patent infringement. *See ARRIS Enters. LLC v. Sony Corp.*, No. 5:17-cv-02669-BLF (filed May 9, 2017) (“NDCA #2”). Six of the nine patents collectively asserted in NDCA #1 and #2 overlap with the ITC investigation, as illustrated below:

Patent	NDCA #1	NDCA #2	ITC
6,138,147	X		
8,300,156	X		X
7,107,532	X		
7,113,502	X		X
6,473,858		X	X
6,934,148		X	X
7,752,564		X	X
9,521,466		X	X
6,944,880		X	

1 overlapping patents is statutorily mandated, and ARRIS's consent is not required. Thus, the question
 2 becomes whether this Court should, under its discretionary authority, stay ARRIS's infringement
 3 claims with respect to U.S. Patent Nos. 6,138,147 and 7,107,532 ("the non-overlapping patents").
 4 Sony respectfully submits that it should.

5 A stay of this case as to the non-overlapping patents will: (1) not harm ARRIS because
 6 ARRIS is not entitled to injunctive relief for the non-overlapping patents³ and, to the extent ARRIS
 7 succeeds in this action, delayed recovery of damages does not justify denying a stay; (2) minimize
 8 the hardship on Sony (and ARRIS) of litigating two cases in parallel resulting in duplicative
 9 discovery efforts; and (3) promote judicial efficiencies because the ITC case will simplify the issues
 10 in this case and preserve judicial and party resources.

11 Further, the Court should also stay this case for the non-overlapping patents because Sony
 12 filed a petition for *inter partes* review ("IPR") against the '532 patent at the Patent Office ("PTO")
 13 and plans to file an IPR against the '147 patent in short order. Each of the three factors this Court
 14 traditionally considers when deciding to whether to stay a case pending IPRs (i.e., (1) stage of the
 15 litigation, (2) simplification of issues, and (3) undue prejudice to the nonmoving party) weighs in
 16 favor of granting this motion.

17 First, this case is in its infancy. Discovery has only just begun and a trial date has not been
 18 set. Sony has served no discovery requests, and except for the documents accompanying the initial
 19 disclosures pursuant to Fed. R. Civ. P. 26(a), no documents have been produced. A *Markman*
 20 hearing is scheduled for early next year and expert discovery is set to close over a year from now.
 21 Dkt. 46 at 4. Second, a stay would not unduly prejudice ARRIS or place it at a tactical disadvantage
 22 for the same reasons ARRIS will not suffer harm from a discretionary stay—ARRIS's recovery (if it
 23 recovers anything at all) for the non-overlapping patents is limited to damages because the '147
 24 patent is expired, Sony no longer sells the products accused of infringing the '532 patent, and
 25
 26

27 ³ The '147 patent is expired and Sony no longer sells the products accused of infringing the '532
 28 patent.

1 delayed monetary relief does not amount to undue prejudice.⁴ Further, the pending IPR against the
 2 '532 patent is expected to conclude by January 2019, and Sony expects that the forthcoming IPR
 3 against the '147 patent will conclude shortly thereafter. Lastly, staying this litigation will simplify
 4 the issues in this case regardless of the outcome of the IPR petitions. If the PTAB institutes review
 5 and cancels all of the asserted claims, ARRIS's infringement counts on the non-overlapping patents
 6 will be moot. And, even if some claims survive, this Court will likely benefit from the PTAB's
 7 expertise and/or the accompanying estoppel provisions.

8 Accordingly, the Court should stay this entire case pending resolution of the ITC
 9 investigation and IPR proceedings.

10 **II. BACKGROUND**

11 On March 2, 2017, ARRIS filed this suit against Sony, alleging infringement of four patents.
 12 Dkt. 3. Approximately two months later, on May 9, 2017, ARRIS Enterprises LLC sued Sony and
 13 Sony Corporation at the ITC alleging infringement of six patents, including two of the four patents at
 14 issue here—the '156 and '502 patents. Ex. A. On June 7, 2017, the ITC instituted an investigation
 15 naming Defendants and Sony Corporation as the respondents (Ex. B), and on June 13, 2017, the
 16 Federal Register published the notice of institution. 82 Fed. Reg. 27,078 (June 13, 2017). Within
 17 forty-five days from institution, the Administrative Law Judge ("ALJ") at the ITC will issue a target
 18 date for the completion of the investigation. Ex. C. If the target date exceeds sixteen months from
 19 institution, the ALJ must issue an initial determination—i.e., an initial decision as to whether Section
 20 337 has been violated—at least four months prior to the target date that is subject to review by the
 21 Commission. *Id.* Though the ALJ has not yet issued a scheduling order setting a target date, an initial
 22 determination is likely to issue within a year—i.e., by July 2018. Schroeder Decl., ¶ 6.

23 With respect to this pending district court action, discovery has just begun. Sony has not
 24 served discovery requests and, except for the documents accompanying the Fed. R. Civ. P. 26(a)

26
 27 ⁴ This may explain why ARRIS chose not to assert these patents in its ITC complaint. ITC Section
 28 337 investigations offer only two forms of relief: exclusion orders and cease and desist orders. *See*
 19 U.S.C. § 1337(i); 19 U.S.C. § 1337(f)(2).

1 initial disclosures, no documents have been produced. Schroeder Decl., ¶ 7. Claim construction
 2 briefing does not begin until December 15, 2017, and a *Markman* hearing will not take place until
 3 next year. Dkt. 46. Fact and expert discovery close on May 10, 2018, and July 19, 2018,
 4 respectively, and no trial date has been set. *Id.*

5 In addition to the pending actions here and at the ITC, on July 7, 2017, Sony filed an IPR
 6 petition against the '532 patent—a non-overlapping patent—challenging the validity all of the claims
 7 ARRIS asserts in this case on multiple grounds.⁵ Ex. D. The PTAB must decide whether to institute
 8 review within three months of the filing of the patent owner's preliminary response or, if no
 9 preliminary response is filed, within six months from the notice of the filing date accorded to the
 10 petition. *See* 35 U.S.C. § 314(b); 37 C.F.R. § 42.107(b). Once instituted, IPR proceedings are
 11 statutorily mandated to conclude within one year with a final written decision on patentability.⁶
 12 37 C.F.R. § 42.100(c). Given the above framework and deadlines, the PTAB is expected to decide
 13 whether to institute Sony's IPR petition on the '532 patent no later than January 2018 (notice of
 14 filing dates typically issue within a couple of weeks of petition filings), and if instituted, issue the
 15 final written decisions no later than January 2019. Sony similarly intends to file an IPR petition
 16 against the '147 patent in short order and expects those proceedings to conclude in a similar
 17 timeframe (e.g., within days of the conclusion of the '532 IPR proceeding). Once the PTAB issues a
 18 final written decision in an IPR, the petitioner and all real parties-in-interest are estopped from
 19 asserting invalidity in a civil action "on any ground that the petitioner raised or reasonably could
 20 have raised during that inter partes review." 35 U.S.C. § 315(e)(2).

21 **A. The Patents-at-Issue**

22 In this case, ARRIS assert infringement of four patents: the '147, '532, '156, and '502
 23 patents. Dkt. 3. At the ITC, ARRIS asserts infringement against two of those patents—the '156 and
 24

25 ⁵ Sony Corporation is the named petitioner in the petition for IPR, but the Defendants are named as
 26 real parties-in-interest to the petition, and are therefore subject to any estoppel provisions resulting
 27 from the IPR proceeding. Ex. D; *see* 35 U.S.C. § 315(e)(2).

28 ⁶ Although the proceedings can be extended by up to six months on a showing of good cause, 37
 C.F.R. § 42.100(c), Sony is unaware of the PTAB granting any such extensions.

1 '502 patents (“the overlapping patents”)—and four other others: U.S. Patent Nos. 7,752,564;
 2 6,934,148; 6,473,858; and 9,521,466 (“the ITC-asserted patents”). Thus, ARRIS collectively asserts
 3 infringement of eight patents in this case and at the ITC. Of the patents at issue here, only two do not
 4 overlap with those asserted at the ITC, the '147 and '532 patents (“the non-overlapping patents”).

5 Apart from the sameness of overlapping patents, the patents asserted here and in the ITC case
 6 are related. Seven of the eight patents at issue here and at the ITC are directed towards software for
 7 transmitting, delivering, and/or interfacing with digital content. Ex. A at 28-37; Dkt. 3 at 5. The
 8 '532 patent (a non-overlapping patent) and the '156 patent (an overlapping patent) share a named
 9 inventor. And the '532 patent (a non-overlapping patent) claims priority to the same provisional
 10 application and shares four of the same named inventors as one of the patents at issue in the ITC, the
 11 '564 patent (an ITC-asserted patent). Further, in both actions, ARRIS accuses the same products of
 12 infringement, namely Sony’s gaming consoles, televisions, mobile devices, and Blu-Ray and DVD
 13 players of infringing the asserted patents. Ex. A at 21-23; Dkt. 3 at 6-7. Also, in this case, ARRIS
 14 accuses Sony’s PlayStation Vue of infringing both overlapping patents (the '156 and '502 patents)
 15 and one non-overlapping patent (the '147 patent). Dkt. 3 at 6-43.

16 **III. LEGAL STANDARDS AND ARGUMENT**

17 **A. A Stay of ARRIS’s Claims on The Overlapping Patents is Mandatory**

18 28 U.S.C. § 1659(a) sets forth the mandatory stay provisions that apply when a district court
 19 case and an ITC investigation proceed in parallel:

20 In a civil action involving parties that are also parties to a proceeding before the
 21 United States International Trade Commission under section 337 of the Tariff
 22 Act of 1930, *at the request of a party to the civil action that is also a respondent*
 23 *in the proceeding before the Commission*, the district court *shall stay*, until the
 24 determination of the Commission becomes final, proceedings in the civil action
 with respect to *any claim that involves the same issues involved in the*
proceeding before the Commission, but only if such request is made within—
 (1) *30 days after the party is named as a respondent in the proceeding*
before the Commission

25 U.S.C. § 1659(a) (emphases added); *see Avago Techs. U.S. Inc. v. IPtronics, Inc.*, No.
 26 5:10-cv-02863-EJD, 2013 WL 623042, at *2 (N.D. Cal. Feb. 15, 2013) (granting mandatory stay as
 27 to patent asserted in parallel district court and ITC cases); *Verve, LLC v. Verifone, Inc.*, No. C04-
 28 03659JF, 2004 WL 2600452, at *1 (N.D. Cal. Nov. 15, 2004) (granting stay of patent infringement

1 suit in district court pending resolution of ITC case). “The purpose of § 1659(a) [is] to prevent
 2 infringement proceedings from occurring ‘in two forums at the same time.’” *In re Princo Corp.*, 486
 3 F.3d 1365, 1368 (Fed. Cir. 2007) (citation omitted).

4 Sony is entitled to a stay of ARRIS’s infringement claims based on the overlapping patents—
 5 the ’156 and ’502 patents. Sony is a named respondent in the ITC investigation and timely filed this
 6 motion within thirty days of being so named on June 13, 2017. *See* Ex. B, (Notice of Institution); 82
 7 Fed. Reg. 27,078 (June 13, 2017) (publishing notice of institution of Inv. No. 337-TA-1049); 19
 8 C.F.R. § 210.3 (“Respondent means any person named in a notice of investigation issued under this
 9 part as allegedly violating section 337 of the Tariff Act of 1930.”). ARRIS asserts the same
 10 infringement claims with respect to the overlapping patents here and at the ITC. Thus, this litigation
 11 involves the same issues as the ITC investigation—i.e., invalidity and alleged infringement of the
 12 overlapping patents. Accordingly, under 28 U.S.C. § 1659(a), the Court must stay this case as to the
 13 ’156 and ’502 patents.

14 **B. This Court Should Exercise Its Discretion to Stay ARRIS’s Claims on the**
 15 **Non-overlapping Patents**

16 District courts have inherent authority to manage their dockets and stay proceedings before
 17 them. *Avago*, 2013 WL 623042, at *2. “The power to stay proceedings is incidental to the power
 18 inherent in every court to control the disposition of the causes on its docket with economy of time
 19 and effort for itself, for counsel, and for litigants.” *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936).
 20 In deciding whether to exercise discretionary power, courts consider three factors: (1) “the possible
 21 damage which may result from the granting of a stay;” (2) “the hardship or inequity which a party
 22 may suffer in being required to go forward;” and (3) “the orderly course of justice measured in terms
 23 of the simplifying or complicating of issues, proof, and questions of law which could be expected to
 24 result from a stay.” *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962) (citing *Landis*, 299 U.S. at
 25 254-55). Courts in this district have exercised their discretionary power to “stay patent infringement
 26 litigation that is related to, but not duplicative of, an action before the ITC.” *Avago*, 2013 WL
 27 623042, at *2 (citing *Zenith Elecs. LLC v. Sony Corp.*, No. C 11-02439-WHA, 2011 WL 2982377, at
 28

*2 (N.D. Cal. July 22, 2011)). Here, these three factors weigh in favor of a staying this case as to the non-overlapping patents.

1. ARRIS Would Not Suffer Any Harm from a Stay

No harm would result from a stay because ARRIS's recovery on the two non-overlapping patents, if any, should be limited to monetary damages. As this Court has held, delay in recovery of a monetary damages does not justify denying a stay. *FormFactor, Inc. v. Micronics Japan Co., Ltd.*, No. cv-06-07159 JSW, 2008 WL 361128, at *2 (N.D. Cal. Feb. 11, 2008) (citing *CMAX*, 300 F.2d at 268-69); see *Sorensen ex rel. Sorensen Research & Dev. Trust v. Black & Decker Corp.*, No. 06CV1572 BTM (CAB), 2007 WL 2696590, at *4 (S.D. Cal. Sept. 10, 2007) (granting a stay and explaining that "[t]he general prejudice of having to wait for resolution is not a persuasive reason to deny the motion for stay" where Plaintiff's claims were "restricted to past monetary damages, which, with the addition of prejudgment interest, are fully capable of compensating Plaintiff"); *SanDisk Corp. v. Phison Elecs. Corp.*, 538 F. Supp. 2d 1060, 1068 (W.D. Wisc. 2008) ("Plaintiff's only real 'injury' is that it will have to wait for any money damages, which is always the case when a stay is imposed.").

Here, the '147 patent expired July 14, 2015,⁷ so ARRIS could not obtain an injunction to enforce it. See *Zenith*, 2011 WL 2982377, at *3 (noting injunctive relief is not available to an expired, non-overlapping patent). And Sony no longer sells the products/services ARRIS accuses of infringing the '532 patent. Thus, ARRIS cannot show the requisite irreparable harm for injunctive relief as to that patent. See *eBay v. MercExchange*, 547 U.S. 388, 391 (2006) (holding a patentee

⁷ The '147 patent expired on July 14, 2015. Under 35 U.S.C. § 154, the term of a patent ends twenty years from the U.S. filing date of the application or, if the application references any earlier filed applications under 35 U.S.C. 120, 121, or 365(c), twenty years from the filing date of the earliest of such applications. U.S. Patent Application 08/956,262, which issued as the '147 patent, was filed October 22, 1997. The '147 patent is a continuation-in-part of U.S. Patent Application No. 08/859,860, filed May 21, 1997 (now U.S. Patent No. 5,864,682), which is a continuation of U.S. Patent Application 08/502,480, filed July 14, 1995 (now U.S. Patent No. 5,659,539). Thus, the earliest application which the '147 patent makes specific reference to was filed July 14, 1995, and 20 years from that date is July 14, 2015. As the '147 patent did not receive the benefit of a patent term adjustment, the latest date at which it could have possibly been in force is July 14, 2015.

1 seeking injunction must show, among other things, irreparable harm and that money damages are
 2 inadequate to compensate for the alleged harm). Even if ARRIS could obtain injunctive relief as to
 3 the '532 patent, which Sony submits ARRIS cannot, an injunction now or after the stay is lifted
 4 would have the same effect because Sony is not practicing the '532 patent. Thus, ARRIS will not
 5 suffer any harm if the Court stays this case as to the two non-overlapping patents, particularly for the
 6 limited duration of the ITC investigation and the IPR proceedings.

7 Moreover, ARRIS has not moved for a preliminary injunction—a fact which, by itself,
 8 indicates that it will not be harmed by any delay in this action because, while it summarily requests
 9 preliminary and/or permanent injunctive relief in its complaint, it has not moved for a preliminary
 10 injunction in this case. *Neste Oil Oyj v. Dynamic Fuels, LLC*, No. 12–662, 2013 WL 424754 (D.
 11 Del. Jan. 31, 2013) (“Plaintiff never sought a preliminary injunction, which suggests that any
 12 prejudice to Plaintiff that might result from delaying the ultimate resolution of this dispute is not as
 13 severe as it contends.”); *see also Visual Interactive Phone Concepts, Inc. v. Samsung Telecomms.*
 14 *Am., LLC*, No. 11-12945, 2012 WL 1049197, at *3 (E.D. Mich. Mar. 28, 2012) (“Plaintiff has not
 15 moved for injunctive relief, which further supports a finding that a stay would not be unduly
 16 prejudicial.”).

17 Further, any delay in obtaining relief would stem, in-part, from ARRIS’s own actions
 18 because ARRIS chose to wait more than two months after filing its complaint in this Court to file its
 19 complaint at the ITC. In a somewhat similar situation, this Court considered, among other things, the
 20 patentee’s delay in filing an ITC investigation and its knowledge that filing an ITC action would
 21 prompt the defendant to move for mandatory and discretionary stays, and found that any harm
 22 imposed by the stay on the plaintiffs was “minimal and largely of their own making.” *Avago*, 2013
 23 WL 623042, at *3.

24 Accordingly, this factor—lack of harm to ARRIS—favors staying this case as to the non-
 25 overlapping patents.

26 **2. Denial of a Stay for the Non-Overlapping Patents Will Subject**
 27 **Sony to Hardship, Forcing it to Unnecessarily Undergo**
 28 **Duplicative Litigation Efforts**

1 Because the overlapping and non-overlapping patents are directed to similar technology,
 2 share a named inventor, and are asserted against the same Sony products, staying this case only as to
 3 the overlapping patents would result in unnecessary and duplicative discovery, thereby imposing a
 4 hardship on Sony (and requiring needless expenditure by both parties).

5 Allowing this case to continue on the non-overlapping patents would result in essentially two
 6 separate actions with overlapping and duplicative discovery. For example, the '532 patent (a non-
 7 overlapping patent) and the '156 patent (an overlapping patent) share a common inventor—James A.
 8 Billmaier. Proceeding in this action on the '532 patent would mean that Mr. Billmaier would be
 9 deposed twice in this district court case: once now with respect to the '532 patent (a non-overlapping
 10 patent), and again later with respect to the '156 patent (an overlapping patent) after the mandatory
 11 stay is lifted. In a similar situation, this Court has held that such a result imposes a hardship on the
 12 defendant that weighs in favor of a stay, explaining that “[w]ithout a stay, the parties would have to
 13 conduct multiple depositions of the same witness because of the inventors’ ability to speak only to
 14 the non-overlapping patents while the overlapping patents are stayed.” *FormFactor*, 2008 WL
 15 361128, *2.

16 Moreover, the relatedness of the patents asserted in this case and at the ITC suggests that
 17 allowing this case to continue on the non-overlapping patent would result in essentially two separate
 18 actions with overlapping and duplicative discovery. The patents at issue here and at the ITC involve
 19 similar technology related to software for operating, using, and interfacing with digital media
 20 content. That the '532 patent (a non-overlapping patent) and the '564 patent at issue in the ITC claim
 21 priority to the same provisional application and share four of the same named inventors highlights
 22 the overlap of the issues here and at the ITC. The same is true with respect to the accused products.
 23 ARRIS has accused Sony’s gaming consoles, televisions, and Blu-Ray and DVD players both here
 24 and at the ITC *See* Dkt. 3; Ex. A. Also, in this case, ARRIS accuses Sony’s PlayStation Vue of
 25 infringing both overlapping patents (the '156 and '502 patents) and one non-overlapping patent (the
 26 '147 patent). Dkt. 3 at 6-43. As this Court further noted in *FormFactor*, the similarities in the
 27 patented technologies and accused products also risks duplicative litigation efforts. *FormFactor*,
 28 2008 WL 361128, at *2. The same is true here.

Accordingly, this factor weighs in favor of staying the entire case.

3. The Stay Will Promote Judicial Efficiency and Simplify The Issues in This Case

This factor warrants staying the entire action because a stay will promote judicial economy by conserving the Court's and the parties' resources and simplifying the issues in the case. Allowing the case on the non-overlapping patents to proceed while the case on the overlapping patents is stayed will result in two separate actions, each proceeding on two separate schedules with different deadlines for discovery, expert reports, a *Markman* hearing, and trial. When faced with overlapping and non-overlapping patents running on two separate tracks, this Court, in *Avago*, found that judicial economy weighed in favor of a stay because "[a] dual schedule . . . may require duplicative discovery, two rounds of expert reports, two rounds of dispositive motions, and ultimately, two trials." *Avago*, 2013 WL 623042, at *3. The same rationale also applies here.

With respect to simplification of the issues, the related technology among overlapping and non-overlapping patents, the common inventorship with respect to at least one overlapping and one non-overlapping patent (the '156 and '532 patents, respectively); the fact that one of the non-overlapping patents and one of the ITC-asserted patents (the '532 and '564 patents, respectively) claim priority to the same provisional application; and that ARRIS accuses the same products of infringing the overlapping and non-overlapping patents, suggests the Court will benefit from the ITC investigation and the discovery and decisions rendered in that proceeding. The same was true in *FormFactor*, where the patents related to the same technology and subject matter. In that case, the Court explained that "the ITC's interpretation of the overlapping patents and the additional patents before it could inform this Court about the claims relating to the non-overlapping patents and also narrow the issues in this matter." *FormFactor*, 2008 WL 361128 at *3. For the same reasons, this Court should find that this factor weighs in favor of staying the entire case.

C. Sony's Pending and Forthcoming IPR Petitions Also Supports Staying the Entire Case

The Court's inherent authority to manage its docket includes the power to stay a case "pending conclusion of a USPTO reexamination." *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426–27

(Fed. Cir. 1988) (citations omitted). And this court has embraced “a liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings.” *IXI Mobile (R & D) Ltd. v. Samsung Elecs. Co Ltd*, No. 15-CV-03752-HSG, 2015 WL 7015415, at *2 (N.D. Cal. Nov. 12, 2015). That policy holds true even before institution of an IPR petitions, particularly when cases is in an early stage, because of “the short time frame for the initial stay and the Court’s willingness to reevaluate the stay if *inter partes* review is not instituted.” *See Evolutionary Intelligence, LLC v. Facebook, Inc.*, No. C 13-4202 SI, 2014 WL 261837, at *3 (N.D. Cal. Jan. 23, 2014) (“*Facebook*”) (rejecting patentee’s argument that a pre-institution stay was premature because of the speed with which institution decisions are granted); *IXI Mobile*, 2015 WL 7015415, at *2 (granting a pre-institution stay when no deadlines had been set for discovery, dispositive motions, pretrial, or trial).

In deciding whether to grant a stay pending IPR proceedings, courts in this district consider whether (1) discovery is complete and trial date set; (2) a stay will simplify the issues in question and streamline the case; and (3) a stay would unduly prejudice or place at a tactical disadvantage the non-moving party. *Evolutionary Intelligence, LLC v. Millenial Media, Inc.*, No. 5:13-cv-04206-EJD, 2014 WL 2738501, at *3 (N.D. Cal. June 11, 2014) (“*Millenial Media*”) (citing *Telemac Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)).

1. This Case is in Its Early Stages Because Discovery Has Just Begun and No Trial Date Has Been Set

That this case is in its infancy weighs in favor of a stay because “[t]his district strongly favors granting a stay where there has been no material progress in litigation.” *Millenial*, 2014 WL 2738501, at *3. Here, discovery has just begun, a *Markman* hearing is not scheduled until next year, and no trial date has been set. Dkt. 46. With the exception of the documents accompanying the Fed. R. Civ. P. 26(a) initial disclosures, no documents have been produced. Sony has not served any discovery requests, and neither party has noticed or taken any depositions. Contentions on infringement are due July 13, 2017, contentions on invalidity are due August 29, 2017, and contentions on damages are due October 17, 2017. *Id.*

This Court has stayed actions pending IPR proceedings where discovery was further along. For example, in *Pragmatus AV, LLC v. Facebook, Inc.*, this Court granted a stay even though no material progress had been made because “[b]eyond the infringement contentions and possibly the invalidity contentions, no discovery has been produced, and no trial date has been set.” No. 11–cv–02168, 2011 WL 4802958, at *2–3 (N.D. Cal. Oct. 21, 2011). Discovery in *DSS Technology Management Inc. v. Apple Inc.*, had progressed even farther but this Court found that the case was in its early stages, in part, because trial had not been set. No. 14-cv-05330-HSG, 2015 WL 1967878, at *2 (N.D. Cal. May 1, 2015). There, claim construction had been briefed, one deposition had taken place, and the parties had exchange contention interrogatories and produced over 100,000 pages of documents. *Id.* Accordingly, this factor weighs heavily in favor of a stay.

2. A Stay Will Simplify the Case Because the Asserted Claims Will Be Invalidated, Estoppel Provisions Will Attach, or the Court Will Benefit From the PTAB’s Expertise

Based on Sony’s currently-filed IPR petition on the ’532 patent and forthcoming IPR petition against the ’147 patent, staying this entire action will simplify the issues in this case by rendering ARRIS’s claims moot, providing this Court with PTAB’s expertise on the claims in dispute, and/or imposing estoppel provisions on Sony. Sony’s IPR petition on the ’532 patent seeks review of, among others, all the claims ARRIS asserts here—i.e., claims 1 and 26. Ex. D. The same will be true of Sony’s IPR petition against the ’147 patent. Schroeder Decl., ¶ 9.

If the PTAB decides to institute review and cancel the claims of non-overlapping patents, ARRIS’s infringement case as to the ’147 and ’532 patents will be rendered moot. *See Facebook*, 2014 WL 261837, at *2. And even if some claims survive, the case would still be simplified because Sony will be estopped from raising arguments that it raised in the IPR and/or because this Court would benefit from the PTAB’s analysis of the patents. *Id.*; *see DSS Tech. Mgmt. Inc.*, 2015 WL 1967878, at *3 (“Indeed, even if the PTAB decides to institute review and affirms the validity of every asserted claim, the case would still be simplified because ‘such a strong showing would assist in streamlining the presentation of evidence and benefit the trier of fact by providing the expert opinion of the PTO.’”). That this motion to stay precedes the PTAB’s institution decision weighs, if at all, only slightly against a stay because “it is not uncommon for the court to grant stays pending

1 reexamination prior to the PTO deciding to reexamine the patent.” *Pragmatus*, 2011 WL 4802958,
 2 at *3. In fact, this Court has repeatedly alleviated concerns regarding pre-institution stays by
 3 assuring patentees that the Court will revisit and lift the stay should the PTAB decline to institute an
 4 IPR petition, further noting that a short stay in the interim is permissible. *See Facebook*, 2014 WL
 5 261837, at *3 (“Therefore, any concern that the motions are premature is alleviated by the short time
 6 frame of the initial stay and the Court’s willingness to reevaluate the stay if *inter partes* review is not
 7 instituted for all of the asserted claims.”); *IXI Mobile*, 2015 WL 7015415, at *2 (rejecting patentee’s
 8 argument that a pre-institution stay was premature because of the Court was willing to, if needed, lift
 9 a short-lived stay). Thus, concerns that the PTAB has not yet instituted the petition against the ’532
 10 patent should be levied against this Court’s ability to, if needed, lift the stay should the PTAB
 11 decline to institute.

12 Sony further acknowledges that, at present, the ’147 patent (a non-overlapping patent) is not
 13 presently the subject of a petition for IPR, but Sony is preparing and will soon file a petition for IPR
 14 against the ’147 patent. Further, the case will nevertheless be simplified because, as explained
 15 above, the petition against the ’532 patent will nonetheless simplify the issues in this case, and “it is
 16 well-established that the IPR proceedings need not resolve every single asserted claim . . . [and to
 17 hold otherwise] conflates simplification of the issues with total resolution of the case, which is not a
 18 factor considered by the court when addressing a motion to stay.” *Limestone v. Micron Tech.*, No.
 19 15-cv-0278, 2016 WL 3598109, at *4 (C.D. Cal. Jan. 12, 2016) (quoting *E-Watch, Inc. v. Lorex*
 20 *Can., Inc.*, No. H-12-3314, 2013 WL 5425298, at *6 (S.D. Tex. Sept. 26, 2013)); *see also*
 21 *Evolutionary v. Millenial*, 2014 WL 2738501, at *4 (“[A] stay is not contingent upon IPR resolving
 22 every issue in this action. Instead, the court considers whether the IPR proceedings will streamline
 23 the litigation.”); *ACQIS, LLC v. EMC Corp.*, 109 F. Supp. 3d 352, 357 (D. Mass. 2015) (granting a
 24 stay when only two of the eleven patents-in-suit were challenged in an IPR). Additionally, that Sony
 25 is preparing and will soon file a petition for IPR against the ’147 patent should alleviate any
 26 potential concerns in this regard.

27 Accordingly, the Court should find that this factor weights in favor of a stay.
 28

1 **3. ARRIS Will Not Suffer Undue Prejudice or Tactical Disadvantage**
2 **From a Stay**

3 A stay will not impose undue prejudice or a tactical disadvantage on ARRIS because even if
4 it prevailed at trial in this case, as explained in Section III.B.1, *supra*, the '147 patent has expired
5 and Sony no longer sells the products accused of infringing the '532 patent. Thus, ARRIS cannot
6 obtain injunctive relief as to one non-overlapping patent, and is unlikely to be able to obtain such
7 relief as to the other. *See generally Pragmatus*, 2011 WL 4802958, at *3 (finding no prejudice where
8 the patentee could not demonstrate a plausible claim to injunctive relief).

9 Sony has been diligent in preparing and filing its IPR petitions and the PTO is expected to
10 issue an institution decision for the IPR petition on the '532 patent by January 2018 and, once
11 instituted, a final written decision on patentability must issue by January 2019. A similar schedule is
12 expected for the forthcoming IPR petition against the '147 patent. Thus, any delay resulting from the
13 stay will be limited and temporary. Moreover, this Court has already held that delay inherent in the
14 IPR process, by itself, does not constitute undue prejudice. *See Facebook*, 2014 WL 261837, at *4.

15 Accordingly, this factor weighs in favor of a stay.

16 **IV. CONCLUSION – THE COURT SHOULD STAY THE ENTIRE CASE TO**
17 **PREVENT DUPLICATIVE LITIGATION, SIMPLIFY THE ISSUES IN THIS**
18 **CASE, AND PRESERVE JUDICIAL AND PARTY RESOURCES**

19 In view of the mandatory stay of ARRIS's infringement claims on the '156 and '502 patents,
20 a discretionary stay is warranted as to ARRIS's infringement claims on the '147 and '532 patents
21 because staying those proceedings will (1) not harm ARRIS, (2) minimize any hardship on Sony,
22 and (3) preserve judicial economy. Further, this case should be stayed because Sony's IPR petition
23 on '532 patent was filed at the outset of this case and Sony intends to file one on the '147 patent in
24 short order, and those IPR petitions will simplify the issues in this case. For these reasons, Sony
25 respectfully requests that the Court stay this entire case until the conclusion of the ITC investigation
26 and the IPR proceedings.
27
28

1 Dated: July 7, 2017

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2
3
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